IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

LAMEBOOK, LLC.,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 1:10-cv-00833
	§	
FACEBOOK, INC.,	§	
	§	
Defendant.	§	

DEFENDANT FACEBOOK, INC.'S MOTION TO DISMISS
COMPLAINT FOR DECLARATORY JUDGMENT

Defendant Facebook, Inc. ("Facebook") moves to dismiss plaintiff Lamebook, Inc.'s ("Lamebook") declaratory judgment action (the "Texas Action") in favor of an action brought by Facebook in the United States District Court for the Northern District of California[1] (the "California Action"), which involves the same parties and issues as this proceeding. In the alternative, Facebook moves to transfer this proceeding to the Northern District of California.

I. INTRODUCTION

This declaratory judgment lawsuit is admittedly a preemptive strike filed by Lamebook in anticipation of a trademark infringement lawsuit by Facebook. It was filed solely to prevent the true plaintiff—Facebook—from bringing its claims in a forum of its choosing. Knowing that litigation was inevitable if it did not change its name, Lamebook feigned interest in continuing settlement negotiations to buy time to file its declaratory judgment complaint first in this district.

This case presents a textbook example of why the anticipatory suit exception to the first-to-file rule exists. That doctrine holds that when a declaratory judgment lawsuit is filed to

[1] The California Action is captioned *Facebook, Inc. v. Lamebook, LLC*, Case No. CV 10-0548 (EMC) (N.D. Cal.). *See* Declaration of Gavin Charlston ("Charlston Decl.") Ex. A.

deprive the true plaintiff of its choice of forum, the Court should dismiss or transfer the first-filed declaratory suit in favor of the later-filed suit filed by the true plaintiff. Here, when Lamebook filed this declaratory judgment lawsuit, the parties were in the midst of what Facebook believed to be good faith settlement discussions to resolve their dispute out of court. Facebook had no reason to know that Lamebook was planning to unilaterally abandon seven months of settlement negotiations to file suit here, particularly given Lamebook's repeated representations that it wanted to settle the matter. Upon learning of Lamebook's declaratory judgment suit, Facebook promptly filed suit in the Northern District of California, the forum Lamebook sought to avoid.

This Court should dismiss the Texas Action or transfer it to the Northern District of California in the interests of fairness and judicial efficiency. Lamebook filed its action in anticipation of Facebook's trademark infringement lawsuit, the California Action will resolve all disputed trademark issues between the parties, and it would be inequitable to reward Lamebook's gamesmanship while penalizing Facebook for acting in good faith to resolve the dispute.

II. STATEMENT OF THE FACTS

Facebook is a preeminent provider of online social networking services. *See* Charlston Decl. Ex. A, ¶ 8. Each month, hundreds of millions of users access Facebook worldwide, making it one of the most heavily-trafficked websites in the world. *Id.* Since its launch in February 2004, Facebook has continuously used the FACEBOOK mark (and related marks) in interstate commerce in the United States in connection with its goods and services and has registered, or applied to register, other related marks. *Id.* Ex. A, ¶ 10. As a result of the considerable publicity that Facebook receives and the broad base of users that enjoy Facebook's services, among other factors, the FACEBOOK mark has become famous. *Id.* Ex. A, ¶ 17.

Defendant Lamebook is a Texas LLC that operates a website at www.lamebook.com.

Lamebook claims that its website is a "parody" of Facebook, but Lamebook does not write or create any parodic material. Its website simply displays materials copied from individual Facebook users' pages, along with advertisements designed to generate income for Lamebook's owners. Lamebook is not parodying Facebook; it is a commercial enterprise that consolidates what it considers to be "lame" Facebook postings and presents them under its own infringing trademark in an effort to make money. *See, generally*, Charlston Decl. Ex. A.

In November 2009, Lamebook applied to register the mark "LAMEBOOK" with the United States Patent and Trademark Office. *Id.* Ex. B. In the Spring of 2010, Facebook contacted Lamebook by telephone to convey Facebook's objection to both the trademark application and the www.lamebook.com website in light of Facebook's senior trademark rights. Declaration of Christen Dubois ("Dubois Decl.") ¶¶ 3-5. During a call in early April, Lamebook's counsel Conor Civins said that Lamebook was interested in reaching an amicable resolution to the dispute. *Id.* ¶ 3. Lamebook abandoned its initial application to register the LAMEBOOK logo mark, but filed a second application to register the LAMEBOOK word mark in May 2010. Charlston Decl., Ex. A, ¶¶ 27-28. Facebook and Lamebook, through their counsel, continued to discuss throughout April and May, 2010, Facebook's objections to Lamebook's activities and the need for Lamebook to change its name and website to end the infringement of Facebook's trademarks. Dubois Decl. ¶¶ 4-5.

Facebook reiterated throughout these discussions that it was prepared to take legal action if Lamebook did not change its infringing name. *Id.* ¶¶ 3-5. On July 1, 2010, for example, at the request of Lamebook, Facebook sent a letter detailing Facebook's objections to the LAMEBOOK mark. *Id.*, ¶ 5; Charlston Decl. Ex. C. In its letter, Facebook emphasized that it was "prepared to enforce its rights to the full extent of the law" but was willing to defer legal action while the parties discussed resolution. Charlston Decl. Ex. C at 4-5.

In September 2010, Lamebook's counsel Conor Civins told Facebook that Lamebook was considering changing its name to "Lameblog." Declaration of Kathleen Johnston ("Johnston Decl.") ¶5. Facebook took Mr. Civins at his word, continued to negotiate in good faith, and did not file suit. In late September, Mr. Civins again indicated that his client was testing a new name and would soon be ready to transition away from the LAMEBOOK mark. Charlston Decl. Ex. D. Mr. Civins wrote on September 30, 2010, that he would be happy to provide "a status update and start discussing the possible terms of a transition." *Id.* Throughout October, the parties exchanged multiple phone calls and engaged in further settlement negotiations. Charlston Decl. ¶¶ 7-9. Mr. Civins continued to claim that Lamebook was testing and preparing to transition to the new name. *Id.* ¶ 8. Facebook continued to defer filing suit based on these statements.

On Tuesday, November 2, 2010, at 2:55 p.m. Central time, in response to a message from Facebook's counsel, Mr. Civins left a voice-mail advising that he would be busy and unavailable on November 2 and November 3, but would be available for further discussions on the afternoon of Thursday, November 4. *Id.* ¶10. Mr. Civins said:

> [W]e should definitely be able to connect. . . . [I]f you want to just schedule something, I've got a pretty crazy day tomorrow but we can just schedule a call if you want on Thursday. Thursday afternoon looks pretty good for me. So just let me know and we can talk about what's going on. Talk to you soon. Bye.

Id. Exs. E (transcript of message), J (recording of message).

Mr. Civins apparently spent his "crazy" Wednesday preparing to sue Facebook while Facebook's counsel waited to continue settlement discussions on Thursday afternoon, when Mr. Civins said he would be available. On Thursday morning, Mr. Civins filed this anticipatory lawsuit while his client issued a press release stating that Lamebook "is fending off threats of trademark infringement litigation from the multi-billion dollar giant [Facebook] by preemptively filing suit in the Lone Star State through attorney Conor Civins[].” Charlston Decl. Ex. F. Lamebook’s founders continued this publicity campaign to promote Lamebook’s “David v. Goliath” battle by appearing on two Austin news programs on Friday, November 5, just one day after filing the Texas Action. Charlston Decl. Exs. G, H. Lamebook even used its own Facebook page to promote its preemptive strike. Charlston Decl. Ex. I at 2-3.

Now faced with the certainty of litigation, Facebook sued Lamebook in the Northern District of California the following Monday, November 8, 2010, asserting a full range of trademark infringement claims and seeking comprehensive monetary and injunctive relief. Charlston Decl. Ex. A. Facebook files this Motion in an effort to ensure that Lamebook does not reap the benefit of its deception, thereby discouraging others from engaging in efforts to settle disputes before resorting to litigation.

III. ARGUMENT

A. The Court Has Discretion To Dismiss Under the First To File Rule.

The “first-to-file” rule is a discretionary doctrine that courts apply with flexibility to promote conservation of judicial resources and comprehensive disposition of litigation. *See Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 183 (1952); *Cadle Co. v. Whataburger of Alice, Inc.*, 174 F.3d 599, 603 (5th Cir. 1999). When there is substantial overlap between two cases, the court in which the first action was filed decides which of the two cases should proceed. *Mill Creek Press, Inc. v. Thomas Kinkade Co.*, No. CIVA.3:04-CV-1213-G, 2004 WL 2607987, at *4 (N.D. Tex. Nov. 16, 2004).

Lamebook does not have an absolute right to a declaratory judgment. District courts have discretion to entertain requests for declaratory relief, but 28 U.S.C. § 2201(a) does not impose a mandatory duty to hear and adjudicate declaratory judgment lawsuits. *Wilton v. Seven Falls Co.*, 515 U.S. 277, 287-88 (1995); *Mission Ins. Co. v. Puritan Fashions Corp.*, 706 F.2d

599, 601 (5th Cir. 1983).

> In the declaratory judgment context, the normal principle that federal courts should adjudicate claims within their jurisdiction yields to considerations of practicality and wise judicial administration.

Wilton, 515 U.S. at 289. Courts consider fairness and judicial efficiency when deciding whether to dismiss a preemptive declaratory judgment action under the first to file rule. *See Mill Creek Press*, 2004 WL 2607987, at *7-*9; *St. Paul Ins. Co. v. Trejo*, 39 F.3d 585, 590–91 (5th Cir. 1994) (listing factors to be considered). Significantly, courts in the Fifth Circuit have affirmed the "general policy that a party whose rights are being infringed should have the privilege of electing where to enforce its rights." *Tex. Instruments Inc. v. Micron Semiconductor, Inc.*, 815 F. Supp. 994, 997 (E.D. Tex. 1993); *Kinetic Concepts v. Connetics Corp.,* No. CIV.A.SA-04-CA-0237-XR, 2004 WL 2026812, at *3 (W.D. Tex. Sept. 8, 2004).

Indeed, courts in Texas and elsewhere routinely dismiss or transfer declaratory judgment actions when they are filed in anticipation of a lawsuit in another forum.[2] For example, in the *Kinetic Concepts* case, Judge Rodriguez dismissed a trademark suit that was filed in Texas in favor of a later-filed action in the Northern District of California. *Id*. In dismissing the Texas suit, Judge Rodriguez relied on facts strikingly similar to those present here: a California trademark owner sent a letter to a Texas company threatening an infringement lawsuit, and the trademark owner deferred filing suit in favor of settlement negotiations, only to find itself a defendant in a declaratory judgment lawsuit. *Id*. Following *Wilton v. Seven Falls Co.* and a series of Fifth Circuit and Texas cases, Judge Rodriguez dismissed the anticipatory suit, finding that "the Plaintiff filed this declaratory judgment action for the improper purpose of 'subverting the real plaintiff's advantage' by filing in a forum of Plaintiff's choosing, namely the Western District of Texas." *Id.*

---

[2] *See Odeco Oil & Gas Co. v. Bonnette*, 4 F.3d 401, 404 (5th Cir. 1993) (affirming dismissal of anticipatory declaratory judgment action); *Mission Ins. Co.*, 706 F.2d at 601-02 (affirming dismissal of first-filed declaratory judgment lawsuit in favor of later-filed California enforcement lawsuit); *Amerada Petroleum Corp. v. Marshall*, 381 F.2d 661, 663 (5th Cir. 1967) (affirming dismissal of declaratory judgment lawsuit brought in anticipation of enforcement lawsuit); *Kinetic Concepts, Inc.*, 2004 WL 2026812, at *3; *Capco Int'l, Inc. v. Haas Outdoors, Inc.*, No. Civ.A.3-03-CV-2127G, 2004 WL 792671, at *3-4 (N.D. Tex. Apr. 9, 2004) (dismissing anticipatory declaratory judgment lawsuit in favor of later-filed trademark infringement lawsuit in Mississippi).

B. Lamebook Filed the Texas Action in Anticipation of the California Action.

Because the Texas Action was filed as a forum-shopping preemptive strike in anticipation of Facebook's California Action, this Court should decline to exercise jurisdiction and dismiss the case. When a party knows that its adversary intends to bring a substantive suit, the party may not bring a declaratory action in another venue to subvert the "real plaintiff's" right to choose the forum for its claims. *Kinetic Concepts*, 2004 WL 2026812, at *4 ("[Courts] generally will not allow a party to secure its preferred forum by filing an action for a declaratory judgment when it has notice that another party intends to file suit involving the same issues in a different forum." (citation omitted)); *see also Mission Ins. Co.*, 706 F.2d at 602 n.3 (noting that anticipatory lawsuits are disfavored). Lengthy negotiations and the "tenor" of the party's relations can serve as evidence that a lawsuit was anticipated. *Kinetic Concepts*, 2004 WL 2026812, at *4.

Here, Facebook made clear that if the Plaintiff did not agree to change the infringing LAMEBOOK mark, Facebook would file suit. Dubois Decl. ¶¶ 3-5; Johnston Decl. ¶ 4; Charlston Decl. ¶ 8 & Ex. C. The parties engaged in extensive negotiations, and Lamebook said it was exploring changing its name. Lamebook's counsel misled Facebook that negotiations were continuing, claiming he was too busy to discuss the case while in fact he was preparing to file a lawsuit. As a participant in settlement discussions, Lamebook was aware that Facebook intended to bring suit if the dispute could not be resolved. *See Mill Creek Press*, 2004 WL 2607987, at *8 (plaintiffs who willingly participated in settlement discussions undoubtedly knew that the defendant intended to file suit absent resolution).

Indeed, Lamebook's complaint admits that the declaratory judgment action was filed in response to the threat of "legal action" by Facebook, and that Lamebook knew Facebook would file suit if settlement negotiations did not succeed. Texas Complaint ¶ 11 ("Facebook continued to insist that Lamebook cease and desist using the LAMEBOOK mark or face legal action."); ¶12 (quoting letter from Facebook's counsel stating "Facebook is prepared to enforce its rights to the full extent of the law."); ¶ 13 (noting Facebook "has repeatedly indicated that Lamebook needs to acquiesce soon or face legal action").

C. Judicial Economy Weighs Strongly in Favor of Dismissing the Texas Action.

The Texas Action should also be dismissed in the interest of judicial economy because the California Action will provide more comprehensive and substantive relief. *See Kinetic Concepts*, 2004 WL 2026812, at *4. The California Action seeks resolution of not only the trademark infringement and dilution issues raised in the Texas Action but also related federal anti-cybersquatting and false designation of origin claims, and California statutory and common law trademark and unfair competition claims. Charlston Decl. Ex. A at ¶¶ 34-96. Facebook promptly filed the California Action when it learned of Lamebook's anticipatory filing, and that lawsuit is just as ready for resolution as the Texas Action. Because the parties and issues are the same in both cases, "the better alternative is to allow the broader relief action to proceed" to avoid duplicative proceedings, waste of resources, and the risk of inconsistent judgments. *Mill Creek Press*, 2004 WL 2607987, at *9; *Sports Innovations, Inc. v. Specialized Bicycle Components, Inc.*, No. CIV.A. 00-3272, 2001 WL 406264, at *3 (E.D. La. Apr. 18, 2001).

Moreover, the Texas Action is unnecessary because the California Action will settle the disputed trademark issues raised in Lamebook's declaratory judgment complaint. The fact that Plaintiff has an adequate remedy if the Texas Action does not proceed further weighs in favor of dismissal. *See Mission Ins. Co.*, 706 F.2d at 603 (existence of adequate alternative remedy is properly considered in the exercise of court's discretion) (citation omitted).

Finally, because Facebook is seeking substantive relief for trademark infringement, it should have the right to choose the forum in which to bring its claims. *See Kinetic Concepts*, 2004 WL 2026812, at *3 ("In the context of a trademark infringement case . . . the alleged victim of infringement is generally given the initial right to choose the forum . . . ."). Courts in this circuit have repeatedly affirmed that infringement actions should take precedence over declaratory actions so that the party whose rights are being infringed may choose where to file suit. *See Tex. Instruments*, 815 F. Supp. at 997; *Mill Creek Press*, 2004 WL 2607987, at *9; *Kinetic Concepts*, 2004 WL 2026812, at *5; *Sports Innovations*, 2001 WL 406264, at *3.

D. Facebook Should Not Be Penalized for Its Good Faith Settlement Efforts.

The equities strongly favor dismissing the Texas Action. *See Mission Ins. Co*, 706 F.2d at 602 (in dismissing suit, court properly considered inequity of allowing declaratory judgment plaintiff to choose forum where plaintiff gained advantage by misleading defendant). During the months, weeks and even days before Lamebook filed suit, the parties were engaged in what Facebook believed to be good faith settlement negotiations, based on Lamebook's repeated assurances that it was interested in resolving the dispute out of court by testing a new name. Charlston Decl. ¶¶6-8 & Ex. D; Johnston Decl. ¶5. A mere two days before filing suit, Plaintiff's counsel left a message for Facebook's counsel advising that he would be busy and unavailable on November 2 and November 3, but could continue discussions on the afternoon of November 4. Charlston Decl., ¶10 & Exs. E, J. Plaintiff in fact had no intention of resuming negotiations that day. Instead, Plaintiff's counsel's representations appear calculated to lull Facebook's counsel into believing that Plaintiff wanted to continue discussing settlement in order to stall and buy time while it raced to get its complaint on file.

Facebook should not be penalized simply because it negotiated in good faith to resolve the LAMEBOOK dispute out of court and delayed filing suit based on Lamebook's counsel's representations. *See Mill Creek Press*, 2004 WL 2607987, at *9 ("[A]pplication of the first-to-file rule in this instance would penalize [defendant] for its attempt to make a good faith effort to resolve this dispute out of court."); *Merle Norman Cosmetics v. Martin*, 705 F. Supp. 296, 299 (E.D. La. 1988) ("Potential plaintiffs should be encouraged to attempt settlement discussions (in good faith and with dispatch) prior to filing lawsuits without fear that the defendant will be permitted to take advantage of the opportunity to institute litigation . . . .") (citation omitted).

Finally, convenience of the parties does not favor proceeding in Texas. Any contention that Plaintiff would be burdened by litigating in California would be counterbalanced by the fact that Facebook, headquartered in California, would be equally burdened by litigating in Texas. *See Kinetic Concepts*, 2004 WL 2026812, at *4; *Sports Innovations*, 2001 WL 406264, at *3. Lamebook will not lack for legal resources or talent in California. Lamebook has retained both the national Bracewell & Giuliani firm and prominent California counsel, Mark Lemley of Durie Tangri and Stanford Law School, formerly of the University of Texas School of Law.

IV. CONCLUSION

For the foregoing reasons, Facebook respectfully requests that this Court dismiss Plaintiff's declaratory judgment complaint. In the alternative, Facebook requests that this Court transfer this lawsuit to the Northern District of California.

Respectfully submitted,

/s/ Peter D. Kennedy

Peter D. Kennedy
State Bar No. 11296550
Meg K. Rein
State Bar No. 24065562
GRAVES, DOUGHERTY, HEARON & MOODY, P.C.
401 Congress, Suite 2200
Austin, Texas 78701
(512) 480-5764
(512) 536-9908 (Fax)

COOLEY LLP
Michael G. Rhodes (*Pro Hac Vice*)
Anne H. Peck (*Pro Hac Vice*)
Jeffrey T. Norberg (*Pro Hac Vice*)
Gavin L. Charlston (*Pro Hac Vice*)
101 California St., 5th Floor
San Francisco, CA 94111-5800
(415) 693-2000
(415) 693-2222 (Fax)

Attorneys for Defendants
FACEBOOK, INC.

CERTIFICATE OF SERVICE

I hereby certify that on January 24, 2011, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system which will send notification of such filing to the following:

Conor M. Civins
Bracewell & Giuliani LLP
111 Congress Avenue, Suite 2300
Austin, Texas 78701

____
Peter D. Kennedy

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

LAMEBOOK, LLC.,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 1:10-cv-00833
	§	
FACEBOOK, INC.,	§	
	§	
Defendant.	§	

[PROPOSED] ORDER GRANTING
DEFENDANT FACEBOOK, INC'S MOTION TO DISMISS
COMPLAINT FOR DECLARATORY JUDGMENT

Having considered Facebook, Inc.'s Motion to Dismiss Complaint for Declaratory Judgment and supporting documents and argument submitted therewith, IT IS HEREBY ORDERED that the above-captioned action is hereby dismissed without prejudice.

DATED: _________________

____
HON. SAM SPARKS
UNITED STATES DISTRICT COURT JUDGE